THE FAMILY BUDGET PROTECTION ACT

Representative Jeb Hensarling

The Treasury Department recently announced that fiscal year 2003 closed with the largest nominal deficit ever. If you discount the Social Security receipts, the deficit reached $535 billion with a larger deficit projected for the current fiscal year. The projected surpluses of yesteryear have evaporated as the economy stalled, war was waged against terror, and lawmakers went on a spending spree unmatched in our nation's history. Since 1998, the amount government spends annually per household has risen from $16,000 to $21,000 – an increase of 22 percent. Even more startling is the fact that the federal budget has been growing seven times faster than the family budget over the last two generations. Clearly, our current deficits are "spending driven" with much of the spending amounting to pure waste, fraud, and abuse. We must tackle the deficit by doing what every American family does when the bills come due and their economic opportunity is in jeopardy – make tough choices, eliminate wasteful spending, write out a new budget and start anew. If we choose to ignore these deficits and the explosive growth of the federal budget, we will force these same families to bear the burden of higher taxes and less freedom in the near future. It is time to protect the American family's budget by controlling the growth of the federal budget. Here is how the Family Budget Protection Act would do it:

Deficit Targets

- Sets deficit targets each year to balance the budget over a five-year period. These targets would be protected by a new supermajority point of order and enforced by an across-the-board sequester at the end of the year in the amount of any excess.
- Any defense or homeland security account would be exempt if the President deemed it so for national security purposes.

Discretionary Spending Safeguards

- Sets discretionary caps that allow spending to grow for inflation minus one percent each year – with a firewall separating defense and nondefense spending. The caps would be protected by a supermajority point of order and enforced by an across-the-board sequester at the end of the year in the amount of any excess.
- Creates a "Family Budget Protection Account" to allow Congress to target spending during the appropriations process and redirect that spending for family tax relief or deficit reduction.
- Abolishes the practice of designating spending as emergencies to avoid discretionary caps. True emergencies will be able to overcome a point of order while questionable spending, often deemed as emergencies, will now require budgeting.

Mandatory Spending Safeguards

- Limits growth in entitlement spending to the current inflationary adjustment for each program and the growth in population. This "entitlement cap" would be protected by a supermajority point of order and enforced by an across-the-board sequester. In addition, the list of exempt programs would be redrawn and expanded so that any sequester does not unfairly target such a small share of total mandatory outlays.

Combating Waste, Fraud, and Abuse

- Sunsets every *unearned* entitlement and all discretionary programs in FY06 and FY07 to allow for a thorough cost-benefit analysis as to whether they still merit federal funding. No benefits that individuals contribute towards (e.g., Social Security, federal retirement, etc.) or earn through service (e.g., veterans benefits) would face a sunset. This "sunshine" process would be repeated every ten years after each census.
- Freezes the funding of programs whose authorization has lapsed. These funding restrictions would be enforced by a supermajority point of order.

Joint Biennial Budgeting

- Converts the budget process to a biennial cycle beginning in 2007, allowing for Congress and the President to enact a budget in the first year and perform oversight in the second. This budget would become law, committing both Congress and the President to the same funding priorities.
- Protects against future government shut-downs by funding government functions at the prior year levels.

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